

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 EB-07 IGA-02 NEAE-00 OMB-01 L-03

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P 111200Z AUG 76

FM AMEMBASSY TUNIS

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C O N F I D E N T I A L TUNIS 5618

FOR AID ADMINISTRATOR PARKER AND ASSISTANT SECRETARY ATHERTON
FROM AMBASSADOR.

E.O.11652: GDS

TAGS: USTSJC EAID TS US

SUBJECT: PROPOSAL TO TERMINATE AID PROGRAM IN TUNISIA
IN FY 79

REF: STATE 192468

1. I HAVE READ WITH SOME CONCERN THE REFERENCED TELEGRAM REPORTING THE REVIEW OF OUR ANNUAL BUDGET SUBMISSION FOR FY 78 WHICH TOOK PLACE IN WASHINGTON ON JULY 29. AT THAT MEETING THE NE BUREAU OF AID PROPOSED THAT UNDER THE AID PROGRAM IN TUNISIA, FY 79 BE THE LAST YEAR FOR NEW PROGRAM OBLIGATIONS AND THAT THIS DECISION BE COMMUNICATED TO GOT AT JOINT COMMISSION MEETING IN WASHINGTON IN OCTOBER. AT THAT SAME MEETING, STATE ARGUED ON POLITICAL GROUNDS FOR PHASEOUT TIMING THAT WE PROPOSED , I.E., NO NEW COMMITMENTS AFTER FY 81, WITH FORMAL NOTIFICATION TO GOT TO BE DETERMINED IN LIGHT OF DISCUSSION AT JC MEETING AND IN LIGHT OF POLITICAL DEVELOPMENTS. ISSUE WAS REFERRED TO AID ADMINISTRATOR PARKER FOR DECISION.

2. IN STRONGLY SUPPORT STATE POSITION FOR FOLLOWING REASONS:
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A. GOT IS IN FINAL STAGES OF PREPARATION OF FIVE

YEAR PLAN FOR 1977 - 81, WHICH WILL BE MOST IMPORTANT IN HISTORY OF INDEPENDENT TUNISIA. WE EXPECT TO HAVE COPY OF DRAFT PLAN BEFORE JOINT COMMISSION MEETING, AND GOT WILL UNDOUBTEDLY EXPECT THIS TO BE MAJOR SUBJECT FOR DISCUSSION AT THAT MEETING. MINISTER OF PLAN ZAAOUNI HAS RECENTLY TOLD ME THAT FOREIGN CONTRIBUTIONS OF SUCH MASSIVE PROPORTIONS WILL BE REQUIRED THAT A US CONTRIBUTION OF \$25 MILLION A YEAR FOR THE FIVE YEARS OF PLAN WOULD NOT BE UNREASONABLE. HE APPRECIATED THAT US ECONOMIC ASSISTANCE AT THE LEVEL OF THE 1960'S COULD NOT BE EXPECTED BUT STRESSED THE PSYCHOLOGICAL IMPORTANCE TO TUNISIA IN HAVING US AT HER SIDE IN THE LAST LAP OF ITS 25-YEAR RACE TO THE TAKE-OFF POINT. WHILE I RECOGNIZE THAT WE PROBABLY CANNOT JUSTIFY A PROGRAM OF THAT MAGNITUDE (BARRING A SERIES OF ECONOMIC DISASTERS) FOR THAT LENGTH OF TIME, IT WOULD BE MOST UNFORTUNATE FOR OUR POLITICAL RELATIONSHIP WITH TUNISIA IF THE ONLY NEWS THAT WE HAVE TO CONVEY AT THE OCTOBER JOINT COMMISSION MEETING IS THAT WE WILL TERMINATE OUR ASSISTANCE IN THE MIDDLE OF THE PLAN (REGARDLESS OF WHETHER EXPENDITURES MIGHT CONTINUE FOR SOME TIME AFTER ACTUAL TERMINATION OF OBLIGATIONS). THIS WOULD GIVE INCORRECT IMPRESSION THAT WE DO NOT UNDERSTAND TUNISIA'S NEEDS, OR THAT WE DO NOT CARE ABOUT THEM.

B. OUR POLITICAL RELATIONSHIP WITH TUNISIA IS BECOMING MORE AND NOT LESS IMPORTANT. OUR SHOW OF SUPPORT THIS MONTH FOR TUNISIA AGAINST PERCEIVED MILITARY THREAT FROM LIBYA AT TIME OF PRESIDENT BOURGUIBA'S BIRTHDAY ELICITED WARMEST POSSIBLE EXPRESSIONS OF APPRECIATION AS HAS OUR DECISION TO INCREASE FMS CREDITS TO HELP MODERNIZE TUNISIAN ARMED FORCES. THIS KIND OF SUPPORT DIRECTLY RELEVANT TO FACILITIES BEING MADE AVAILABLE TO SIXTH FLEET, IMPORTANCE OF WHICH I DO NOT NEED TO SPELL OUT. WHEN COMMANDER SIXTH FLEET CALLED ON PRESIDENT BOURGUIBA ON HIS BIRTHDAY TO RECEIVE TUNISIA'S HIGHEST DECORATION, THE PRIME MINISTER TOLD ME THAT IN FUTURE THERE WOULD BE NO PROBLEM WITH SIXTH FLEET CALLING AT TUNISIAN PORTS AS OFTEN AS WANTED. WE OBVIOUSLY DO NOT WANT TO UNDERMINE THE SOLID RELATIONSHIP THAT IS BEING BUILT UP IN ONE AREA BY UNEXPECTED NEGATIVE DECISIONS

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IN OTHER AREAS. ON BASIS LAST JC MEETING, TUNISIANS EXPECT US TO MAINTAIN AID PROGRAM AT PRESENT LEVEL FOR FORESEEABLE FUTURE. FOR THEM FORESEEABLE FUTURE WOULD CERTAINLY BE NOT LESS THAN DURATION OF FIVE-YEAR PLAN.

C. TUNISIANS FEEL THEY HAVE STRONG BI-PARTISAN SUPPORT IN WASHINGTON FOR THEIR EFFORTS BUILD STABLE REGIME IN THIS PART OF WORLD, AS EVIDENCED BY VICE

PRESIDENT ROCKEFELLER'S PRESENCE AT 20TH ANNIVERSARY CELEBRATIONS AND HIGH LEVEL RECEPTION ACCORDED PRESIDENT BOURGUIBA'S SON (INCLUDING SECRETARY AND PRESIDENT) AT TIME OUR BICENTENARY CELEBRATIONS. THIS IMPRESSION HAS BEEN MUCH STRENGTHENED BY UNANIMOUS PASSAGE IN LAST FEW DAYS OF SENATE RESOLUTION SPONSORED BY SENATORS PERCY AND HUMPHREY LAUDING TUNISIA AND STATING THAT "IT IS THE SENSE OF CONGRESS THAT THE UNITED STATES SHOULD CONTINUE TO CONTRIBUTE TO THE MAINTENANCE OF PEACE AND THE ECONOMIC AND SOCIAL DEVELOPMENT OF TUNISIA THROUGH THE PROVISION OF APPROPRIATE LEVELS OF ECONOMIC AND MILITARY ASSISTANCE."

3. IN LIGHT OF ABOVE I HOPE WE WILL BE IN A POSITION TO TELL TUNISIANS AT OCTOBER JOINT COMMISSION MEETING THAT WE WILL INDEED CONTINUE OUR ECONOMIC ASSISTANCE THROUGH FY 1981 AND THAT WE CAN FURTHERMORE AT THAT TIME ANNOUNCE SOME SPECIFIC STEPS THAT WE WILL BE TAKING IN CONNECTION WITH TUNISIA'S FIVE-YEAR PLAN. I CONSIDER IT ESPECIALLY IMPORTANT THAT WE MAINTAIN USG'S FLEXIBILITY AT THIS TIME, HOWEVER NEAT IT WOULD BE FOR OUR OWN ORDERLY HOUSEKEEPING PROPENSITIES TOMOVE TUNISIA INTO SOME OTHER ARBITRARY CATEGORY OF AID ELIGIBILITY. LET US FOR THE MOMENT RISE ABOVE SUCH A TEMPTATION UNTIL (A) WE ARE MORE SURE THAT TUNISIA WILL IN FACT REACH THE TAKE-OFF POINT BY 1981 AND UNTIL (B) WE HAVE HAD MORE TIME TO WEEN THE GOT AWAY FROM ITS "CLIENT" MENTALITY.

4. SEPARATE MESSAGE WILL COMMENT ON TENTATIVE LOAN PROPOSALS FOR TUNISIA CONTAINED PARA FIVE REFTEL. MULCAHY

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